

NIGERIA

EXECUTIVE SUMMARY OF THE U.S. INTER-AGENCY ASSESSMENT TEAM'S REPORT

SUPPORTING A NEW PATH TO DEMOCRACY, PROSPERITY AND LEADERSHIP

October 1, 1999

TABLE OF CONTENTS

ACRONYMS

I. INTRODUCTION.....	1
II. NIGERIA'S IMPORTANCE TO THE UNITED STATES.....	2
III. COUNTRY OVERVIEW.....	3
A. Military	4
B. Economic	4
IV. CHALLENGES/STRATEGY	5
A. Military and Civil-Military Relations.....	5
B. Economic Development Reform and Growth.....	6
C. Political Structures and Democracy	9
D. Infrastructure.....	11
E. Agriculture	13
F. Social Sector: Health	15
G. Social Sector: Education.....	16
V. CROSS-CUTTING ISSUES.....	18
A. Corruption.....	18
B. Capacity Building.....	19
C. Conflict	19
VI. CONCLUSION	20

ACRONYMS

ABB	Asea Brown Boveri
ACILS	American Center for International Labor Solidarity
ACRI	Africa Crisis Response Initiative
AD	Action for Democracy
ADEA	Association for the Development of Education in Africa
ADP	Agricultural Development Program
AERC	African Economic Research Consortium
AFSI	Africa Food Security Initiative
APHIS	USDA's Animal and Plant Health Inspection Service
APP	All People's Party
ATRIP	Africa Trade and Investment Program
BBC	British Broadcasting Corporation
BCG	Bacillus Calmette-Guerin (tuberculosis vaccine)
CAREMIS	Current Agricultural Management Information System
CCA	Consultative Committee on Agriculture
CIDA	Canadian International Development Agency
CIMMYT	International Maize and Wheat Improvement Center
CLDP	Commercial Law Development Program
CPR	Contraceptive Prevalence Rate
DATT	Defense Attaché
DEA	Drug Enforcement Agency
DFID	British Department of International Development (Formerly ODA)
DOD/OSD	Department of Defense/Office of the Secretary of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOS	Department of State
DOT	Department of Transportation
DPKO	Department of Peacekeeping Operations
DPT	Diphtheria, Pertussis, Tetanus (vaccine)
DSCA	Defense Security Cooperation Agency
ECOMOG	Economic Community of West African Monitoring Group
ECOWAS	Economic Community of West African States
EDA	Excess Defense Articles
EDDI	Education for Development and Democracy Initiative
EMCAP	World Bank's Economic Management Capacity Project
ENI	Bureau for Europe and the New Independent States
ESAF	Enhanced Structural Adjustment Facility
ESF	Economic Support Fund
EU	European Union
EXIM	Export Import Bank
FAA	Federal Aviation Agency
FAAN	Federal Airport Authority of Nigeria
FACU	Federal Agricultural Coordinating Unit

FAS/ITP	Foreign Agriculture Service/International Trade Policy
FBI	Federal Bureau of Investigations
FCC	Federal Communications Commission
FCT	Federal Capitol Territory
FERC	Federal Energy Regulatory Commission
FINCEN	Financial Center
FMF	Foreign Military Funding
FSN	Foreign Service National
GDP	Gross Domestic Product
GE	General Electric
GIS	Global Information System
GNP	Gross National Product
GON	Government of Nigeria
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immune Deficiency Syndrome
HRDO	Human Resources Development Office
ICAO	International Civil Aviation Organization
ICASS	Internal Cooperative Agreement Support and Services
ICITAP	DOJ's International Criminal Investigative and Training Assistance Program
IEC	Information, Education, and Communication
IFC	International Finance Corporation
IMET	International Military Education and Training
IMF	International Monetary Fund
INL	International Narcotics and Law Enforcement Affairs Bureau (DOS)
INS	Immigration and Naturalization Service
IPPS	Independent Power Producers
IRS	Internal Revenue Service
JACC	United States-Nigeria Joint Agricultural Consultative Committee
JCET	Joint Combined Exchange Training
JEPC	United States-Nigeria Joint Economic Partnership Committee
JICA	Japan International Cooperation Agency
JSS	Junior Secondary School
LGA	Local Government Authority
LGAS	Local Government Areas (Nigerian Local Government)
MEDFLAG	Military Medical Exercise
MLAT	Mutual Legal Assistance Treaty
MMIA	Murtala Mohammed International Airport
MOD	Ministry of Defense
MOH	Ministry of Health
MOJ	Ministry of Justice
MPRI	Military Professional Resources Incorporated
MSF	Medicines Sans Frontiers
MW	Megawatt
NDLEA	National Drug Law Enforcement Agency
NEPA	National Electric Power Authority

NGO	Non-Governmental Organization
NIPC	Nigerian Investment Promotion Commission
NLC	Nigerian Labor Congress
NNPC	Nigerian National Petroleum Commission
NPF	Nigerian Police Force
NPI	National Program of Immunization
NPP	National Population Policy
NRCS	Natural Resources Conservation Service
NSC	National Security Council
NSDD-38	National Security Decision Directive-38
OGE	U.S. Office of Government Ethics
ONDCP	Office of National Drug Control Policy
OPIC	Overseas Private Investment Corporation
OPDAT	Office of Overseas Prosecutorial Development and Training
OTI	Office of Transition Initiatives/Bureau for Humanitarian Affairs, USAID
PCU	Policy Coordination Unit
PDP	People's Democratic Party
RH	Reproductive Health
RLA	Resident Legal Advisor
RUF	Revolutionary United Front
STD	Sexually Transmitted Disease
TA	Technical Assistance
TBD	To Be Determined
TDA	Trade and Development Agency
TDY	Temporary Duty
TIFA	Trade and Investment Framework Agreement
TIN	Transparency International of Nigeria
TMG	Transition Monitoring Group (Nigerian NGOs)
UK	United Kingdom
UNDP	United Nations Development Program
UNFPA	United Nations Family Planning Association
UNPAERD	United Nations Program of Action for African Economic Recovery and Development
USAID	United States Agency for International Development
USCS	United States Customs Service
USDA/FAS	United States Department of Agriculture/Foreign Agriculture Service
USDH	United States Direct Hire
USEUCOM	United States European Command
USG	United States Government
USIA	United States Information Agency
USIS	United States Information Service
USPSC	United States Personal Services Contract (employee)
USSS	United States Secret Service
USTR	United States Trade Representative
WATC	West Africa Training Cruise
WCARRD	World Conference on Agrarian Reform and Rural Development

WHO
WTO

World Health Organization
World Trade Organization

NIGERIA:

SUPPORTING A NEW PATH TO DEMOCRACY, PROSPERITY AND LEADERSHIP

A Summary of the U.S. Inter-Agency Assessment Team's Report

I. INTRODUCTION

After years of oppressive military rule, Nigeria turned a new democratic page in its history with the May 1999 inauguration of President Olusegun Obasanjo. Since June 1998, Nigeria has successfully completed democratic elections at the local, regional, and national levels. Nigerians as well as the international donor community have welcomed the transition to democracy, and engagement and partnership have replaced Nigeria's isolation by the international community.

The Obasanjo administration is well aware of the challenges and opportunities that Nigeria faces and is determined to put Nigeria on the right path to sustainable economic development. Nigerian government officials, private sector leaders, and civil society organizations recognize that any strategy must include a focus on reducing corruption, improving human capacity, especially at the governmental level, and promoting national reconciliation to mend the wounds of military rule. Nigerian people and their newly elected leaders are willing to seek the advice and assistance of the international community within the context of their defined development needs.

United States Secretary of State Madeleine Albright has identified Nigeria as one of the four priority countries for U.S. assistance to support a democratic transition. As a clear demonstration of the United States Government's (USG) commitment to Nigeria's transition, an Inter-Agency Assessment Team went to Nigeria from June 19 to July 2, 1999. The assessment team was co-led by Keith Brown, USAID Deputy Assistant Administrator for Africa, and Ambassador Howard Jeter, Deputy Assistant Secretary of State for African Affairs. The team was comprised of 17 members from the U.S. Agency for International Development and the Departments of State, Agriculture, Commerce, Defense, Energy, Justice and Transportation.

The primary objective of the assessment team was to discuss in a participatory manner with Nigerian Government officials, members of the private sector and civil society, and international multilateral and bilateral donors, ways to support Nigeria's successful transition to a peaceful, democratic and economically stable country. The assessment focused on the following six major sectors:

Military and Civil-Military Relations

Economic Development Reform and Growth

Political Structures and Democracy

Infrastructure

Agriculture

Social Sectors (Health & Education)

The team identified and outlined common approaches to three major cross cutting themes: corruption, lack of human capacity to implement change, and conflict. It also identified areas of potential assistance based on available resources and the USG comparative advantage, possibilities for integrating U.S. government programs in providing assistance and opportunities for cooperating and collaborating with other donors. The team identified the challenges and provided recommendations for assistance within two timeframes. The first timeframe includes high priority actions and activities for immediate implementation within the first 6-month period to help keep the democratic transformation process on track. The second timeframe involves priority actions and activities for implementation over a medium-term timeframe of 6 to 18 months. While important to supporting the democratic transformation process, these medium-term actions and priorities are not deemed critical to the process, but are extremely important to shaping a longer-term development program.

The assessment team traveled to four regions including the capital, Abuja, and held intensive discussions with Nigerians from every sector of society. In a June 23rd meeting with President Olusegun Obasanjo, Vice-President Abubakar Atiku and high-ranking officials of the new government, the Assessment team was presented with the Government of Nigeria's priorities. On June 30, the co-team leaders, a third member of the Assessment Team, and the American Ambassador briefed President Obasanjo, Vice-President Atiku, and other ranking members of the Government of Nigeria (GON) on the Assessment Team's findings and conclusions.

It is also important to note that no attempt has been made to strategically prioritize or package the recommendation made in this report. The issue of securing the resources necessary to implement the proposed interventions also has not been addressed. This summary highlights the salient recommendations of the team's Assessment Report entitled, "Supporting a New Path to Democracy, Prosperity and Leadership".

II. NIGERIA'S IMPORTANCE TO THE UNITED STATES

Provided sufficient financial and human resources are made available, this new era offers the United States a unique opportunity to help ensure Nigeria's successful transition to a healthy, modern, democratic, and economically independent state. Nigeria is a primary U.S. trading partner in Africa. It is the fifth largest supplier of imported oil to the United States. The United States is also Nigeria's primary foreign investor with an estimated \$7 billion in existing assets. Nigeria's economic transformation and resurgence will have an enormous, positive impact on regional economic development and create billions of dollars in opportunities for new economic ties with the United States through exports and other sales and commercial ventures.

Additionally, Nigeria has played a key role in supporting the Economic Community of West Africa Monitoring Group's (ECOMOG) efforts to end conflicts in Liberia and Sierra Leone that have threatened stability in West Africa. A non-democratic, economically crippled Nigeria would not only destabilize West Africa, but would have serious implications for the United States. The humanitarian impact of a collapsed Nigeria with millions of refugees and displaced persons would be incalculable. The international burden would cost billions of dollars, which the U.S. would pay a substantial share in costly programs of regional stabilization.

Democracy is the best guarantor of universal human rights. It produces long-term economic growth as well as social and political stability. In supporting the spread of democracy, the United States is simultaneously promoting American values while helping create a more stable, secure, and cooperative global arena in which to advance all U.S. interest.

It is in our national interest to assist Nigeria's efforts to rebuild its economy, heal national and ethnic divisions, and advance its democratic agenda. It is for this reason that the President waived Nigeria's narcotics decertification this year, to enable meaningful forward movement in areas of shared concern.

III. COUNTRY OVERVIEW

In the 39 years of independence from colonial rule, Nigeria has been governed for only ten years by a democratically elected civilian government. The most recent episode of military rule began with the overthrow of a civilian regime first elected in 1979. It ended in 1998 with the death of Nigeria's military leader General Sani Abacha and the fulfillment of a long-delayed promise by the military of a return to civilian rule. The 1998 and 1999 state, regional and national elections culminated in the May 1999 inauguration of Olusegun Obasanjo. Despite the national and international euphoria over the return to civilian rule, the elections must be seen as only a first step in addressing Nigeria's problems. Nigeria's newly elected civilian government faces daunting challenges. Apart from the normal

policy issues that any national government must address -- basic services, fiscal and monetary policy, foreign policy -- three issues which have plagued Nigeria since independence in 1960 remain:

- the role of the military inside of Nigeria;
- religious, tribal and regional conflicts and the resultant insecurity; and
- good governance, especially controlling corruption and developing broad-based economic growth.

A. Military

The military, although no longer in control, still wields considerable power in Nigeria. It will continue to be an important presence in this democratic transition if civilian and military leadership do not define the proper role for the military, a role that is both honorable and circumscribed. The transformation from a military regime to a civilian regime will require a process of divestiture of all non-security and non-military powers and appointments into civilian hands. But this must be done simultaneously with addressing issues regarding the professionalization of the military and its social welfare concerns.

B. Economic

Nigeria has abundant natural resources and substantial human resources in the form of an educated urban elite, innovative entrepreneurs and private sector participants with knowledge of international business standards and practices. Its deposit of natural gas may be the world's largest and could power not only its own growth but also all of West Africa's. Nigeria's agricultural potential is largely untapped and could provide jobs and food for Nigerians and others. However, years of poor incentives, limited access to credit and technology, and a negative investment environment have taken a heavy toll on the economy.

Nigeria's economy has been relatively stagnant and inflation prone since 1992. It is hamstrung by a top-down, ineffective but pervasive state control and intervention. Nigeria's state-run economic structures have been reinforced with rigorous military discipline. Corruption has become institutionalized into the fabric of society at all levels.

Real incomes in Nigeria have actually fallen in the last two decades. Sharp declines in oil prices in 1998 cost Nigeria around 50 percent of its expected export revenues and a large share (an estimated 40 percent) of government revenue. Oil sales account for 95% of Nigeria's export revenue. In 1998, real GDP contracted by some 1.8 percent and is expected to contract again in 1999 despite rebounds in oil prices. Despite important economic steps taken under former Head of State Abubakar (e.g., unification of the exchange rate) per capita income in Nigeria is roughly \$300. Poverty levels may be as high as 60 percent; unemployment and underemployment affect at least half the labor force.

Nigeria's 1999 current account deficit is estimated to be roughly 15 percent. The budget deficit is expected to reach nearly 8 percent of GDP. Nigeria's external debt is roughly \$30 billion -- and annual debt service payments are approximately \$2 billion -- relative to current annual exports of just under \$20 billion. This debt overhang is almost equal to one half of Nigeria's GDP. While Nigeria's debt service ratio is not nearly as serious as that of many other African countries, the existence of such a large debt reduces the government's ability to finance the social sector programs and frightens off private investors.

Another looming issue is the economic impact of HIV/AIDs on Nigeria's growth and poverty alleviation efforts. The problem may be larger than assumed and growing; unchecked now, it could devastate Nigeria's labor forces over the next decade.

IV. CHALLENGES/STRATEGY

The next 18 months are perhaps the most critical period in Nigeria's postcolonial history and may well determine the fate of the country's democratic experiment. What happens in Nigeria will affect the future of the African continent. It could also affect the ability of the United States to achieve its multi-faceted goals in Africa. The United States can and should play a major role in helping Nigeria realize its great potential. However, it is the Nigerians who must decide their own destiny.

A. *Military and Civil-Military Relations*

Challenge: The future of Nigeria is tied to the future of the Nigerian military. In the near term, there is little prospect for the reemergence of military rule, but after 30 years of military regimes, it is commonly seen as a viable and threatening alternative. Nigerians are proud of their role as a regional peacekeeper and understand that, for their nascent democracy to survive, the military must be brought into partnership and incorporated fully into society. Nigeria needs a military force that will defer to civilian authority and accept its subordinate role in a constitutional democracy.

Under the military government, the military high command controlled all political judicial and parastatal corporation appointments. It also had a tight grip on the national budget, business, and financial sectors. All economic policies and laws were enacted by military decree. The impact of this control was the permeation of a centralized, autocratic way of doing business in Nigerian public and private sector institutions, commonly referred to as the "militarization" of society.

Strategy: The USG could assist the GON to undertake a comprehensive military reform, structure appropriate, strong civilian institutions to ensure civilian control over the military, and gradually begin to transform a militarized culture into a democratic, free enterprise system. The USG could assist Nigeria with training and professionalization of the armed forces and depoliticization of officers.

Illustrative Immediate Actions/Activities (1-6 months)

- Provide technical assistance to develop an action plan for military reform with civilian participation, and conduct seminars to discuss the action plan and civil-military issues with military and civil society leaders;
- Provide technical assistance to the Obasanjo administration for the creation of a Department (Ministry) of Defense and related civilian institutions for executive branch civil-military relations;
- Provide technical assistance to the National Assembly for the creation and development of legislative oversight and budgetary control functions;
- Conduct seminars with civil society, especially business organizations, to develop strategies for reintegration of retired and down-sized military personnel; and
- Conduct seminars with civil society, especially pro-democracy and human rights groups, religious leaders, and organized labor, to develop strategies for the “demilitarization” of society and support civil-military reform.

Illustrative Medium-term Actions/Activities (6-18 months)

- Provide Military Medical Exercise and Joint Combined Exchange(JCET) training for FY 2000;
- Based on consultations and the approval of the GON provide Africa Crisis Response Initiative (AFCRI) training for two battalions and a brigade headquarters staff, and institute a regular series of exchanges and visits between the Nigerian Minister of Defense and the U.S. Department of Defense; and
- Assign a naval attaché to Nigeria.

B. Economic Development Reform and Growth

Challenge: The Nigerian economy needs to grow more than 4% per year, and could achieve growth rates comparable to the Asian tigers in their expansionary phase. In order to achieve this goal, the GON must establish an economic tone and direction to identify specific policies and programs, and build the institutional capacity and political will for reforms and innovation, which will spur growth and maximize the support of the international community for President Obasanjo’s ambitious economic agenda.

Strategy: The U.S. Government working with multilateral organizations, would work directly with the Government of Nigeria and Nigerian society to assist in identifying short-term and long-term economic priorities and options. This includes assistance to improve the capacity of the GON to formulate a widely supported economic program and to implement economic reform policies in collaboration with financial institutions and donors.

Additionally, assistance could be provided to encourage the development of cost effective improvements in economic infrastructure and supplies.

The USG could help build the human and institutional capacity needed to achieve visible economic improvements within the next 18 months. A focus could be placed on identifying and eliminating obstacles to private investment, improving financial management, increasing transparency and efficiency of government agencies, and identifying options to increase resources and service delivery at state and local levels. Assistance could be provided to enhance Nigerian institutions' economic and policy analysis capabilities. Additionally, the USG could improve commercial ties between the United States and Nigerian in both the private and public sectors.

Illustrative Immediate Actions/Activities (1-6 months)

- Provide two to three senior economic consultants to meet with President Obasanjo and his inner policy circle, preferably in advance of the Paris CG, to assist in clarifying options and priorities and the establishment of a coherent economic approach;
- In consultation with the World Bank and the European Union, provide short term economic and other technical experts to assist the National Planning Commission and other relevant GON Ministries and bodies in developing, publishing and disseminating a national economic strategy linked to a realistic budget;
- Provide short term economic experts to provide expertise to the committees and ministries of the federal government to study specific economic issues and formulate initial policy options and implementation strategies;
- Provide rapid-response economic technical assistance teams and regional conferences on electricity sector reform and planning, oil sector and domestic petroleum fuel policy, and natural gas sector development;
- Provide short-term economic and legislative experts to assist the National Assembly to analyze and promulgate economic legislation;
- Initiate a 4-month "Investor Roadmap" diagnostic of the entire investment process with the Nigerian Investment Promotion Commission (NIPC), the Planning Ministry, and other relevant GON agencies for both Nigerian and foreign investors;
- Initiate a high-level, bi-annual, U.S.-Nigeria Joint Economic Partnership Committee (JEPC) to identify further areas of mutual interest and cooperation as well as build relationships between USG agencies and enhance commercial and economic ties;
- Initiate pilot efforts in key locales (including select rural areas, possibly including the Niger Delta) to establish market-oriented micro-credit programs, rudimentary business development, and management training for small- and medium-sized enterprise development;

- Establish a commercial law development program in Nigeria and promote a dialogue on sound regulatory policy between the GON and members of the Nigerian and foreign private sectors; and
- Initiate and provide assistance to a Trade and Investment Framework Agreement (TIFA) with Nigeria to formalize and regularize discussions of issues of mutual interest and concern in these areas.

Illustrative Medium Term Actions/Activities (6-18 months)

- Initiate a Leland Initiative program to improve the telecommunications regulatory structure, provide hardware and software, establish internet-linked centers in key government Ministries and institutions research institutions and local governments, and establish economic development-oriented and distance-learning opportunities;
- Provide municipal management specialists for short-term visits to each of the 36 state capitals and the Federal Capitol Territory (FCT), to provide training programs for state and local officials on, e.g., budgeting, utilities and environmental management, and urban planning;
- Establish “sister city” programs with U.S. cities focused on local government economic development strategies for Lagos and Abuja;
- Provide technical assistance through retired business executive volunteers to the Nigerian chambers of commerce and business organizations, and assist business advisory groups to improve their ability to interact effectively with the GON on policy issues;
- Establish institutional links based on Leland Initiative and other infrastructure between Nigerian policy-makers, academic economists and private sector research institutions and the African Economic Research Consortium (AERC), and assist Nigerian universities in accessing and financing the economics training, curriculum development and standards-raising services available through the AERC;
- Promote the establishment of close institutional links of economic training, research and student and faculty exchange between Nigerian and U.S. universities;
- Improve Nigeria’s commercial links to West Africa and the rest of the continent by examining potential opportunities to reduce barriers to trade and investment, promoting business ties, and introducing programs funded under the USG-funded African Trade and Investment Program (ATRIP);
- Expand micro-credit programs throughout Nigerian communities; and
- Establish and equip an economic policy institute in Abuja.

C. *Political Structures and Democracy*

Challenge: After sixteen years of military rule, Nigerians have ushered in a newly elected democratic government that has raised hope and optimism about the future. It is a cautious optimism, contingent on performance and not mere promise. Democratic performance will be necessary not only to keep alive the democratic spirit, but also to give the government some breathing room for economic reform. Over the long term, democratic and economic performance should be reinforcing. The democratic transition must be nurtured quite apart from the economic and social changes that it is expected to bring. However, if the democratically elected government cannot provide a framework under which services are restored and economic progress is tangible, the democratic transition itself will be at risk.

Strategy: The USG could support the democratic transformation by providing assistance in several institutional arenas. This could include: constitutional reform, national assembly, state and local government, the executive branch, non-governmental organizations (NGOs), media, labor, political parties, international narcotics and financial crimes, conflict prevention and reconciliation, and rule of law.

Illustrative Immediate Term Actions/Activities (1-6 months)

International Narcotics and Financial Crimes:

- Open and maintain a dialogue between the U.S. Justice Department and newly appointed, key Nigerian officials on law enforcement issues, including inviting the Attorney General and the Assistant Inspector General heading the National Drug Law Enforcement Agency to the United States to discuss the present state of drug trafficking and financial white collar crimes.
- Develop a precise plan of action to enable Nigeria to be recommended for full narcotics certification, implemented by the U.S. Justice Department in conjunction with the Department of State's International Narcotics and Law Enforcement Affairs Bureau (INL);
- Pass information from U.S. law enforcement agencies to Nigerian counterpart authorities for assistance and follow-up, sting and lure operations, and to support expedited extradition and judicial assistance; and
- Undertake a joint counter-narcotics assessment with the European Union and the United Nations Development Program.

National Assembly:

- Develop an integrated program of assistance for the National Assembly to build its oversight and legislation development capacities;

- Provide direct support to the National Assembly to assist it in analyzing the supplemental budget bill to be submitted by President Obasanjo on July 15, 1999; and
- Provide technical assistance, either through the Department of Justice or U.S. law associations, to the National Assembly in drafting anti-corruption legislation.

Executive:

- Support the World Bank's corruption diagnostic, which provides a comprehensive picture of corruption in a society through surveys, interviews, and workshops; and
- Support World Bank civil service reforms to end corruption in public office.

Labor:

- Support organized labor in staging economic fora that draws together government, civil society, and the international financial institutions to discuss privatization and deregulation issues, and their impact on the labor market.

Rule of Law:

- Sponsor senior-level U.S. judges (including, if possible, a Supreme Court justice) to meet with federal and state Nigerian judges to promote judicial independence and the rule of law;
- Provide technical assistance to the chief justice of Nigeria in the convening of an advisory committee that will assist the Chief Justice to make rulings for human rights cases under section 46(3) of the Nigerian Constitution.

Illustrative Medium Term Activities Actions (6 to 18 months)

Constitutional Reform:

- Sponsor consultative workshops or other fora to promote public debate on the Constitution.

Rule of Law:

- Establish a Department of Justice police training program;
- Develop a U.S. Department of Justice-sponsored training program for Nigerian judiciary and executive branch officials who deal with prosecuting public officials, money laundering, and asset forfeiture;

- Provide technical assistance to the Nigerian court system to build operational capacity to handle court records, prepare budgets, make budget presentations to the legislature, and the like; and
- Establish a linkage between U.S. judiciary and bar organizations to provide training to the new National Judicial Council in disciplining judges and managing disbursements, as well as training to the Federal Judicial Service Commission in investigating complaints against judges and court personnel.

State & Local Government:

- Provide technical assistance to the executive and legislative branches of government at the state and local levels to build their governance capacities.

Non-Governmental Organizations (NGOs):

- Initiate a comprehensive capacity building program with a small and carefully selected group of NGOs to strengthen their policy research and advocacy capabilities to shape the public agenda in the areas of constitutional reform, women's political participation and minority interests, civic education, conflict management, and privatization and deregulation; and
- Undertake a comprehensive capacity building program with a small group of selected NGOs working in the anti-corruption field to strengthen their investigative, research, and monitoring capabilities.

Media:

- Undertake a program to foster and develop independent media in Nigeria by focusing on the legal enabling environment for media freedom, training in investigative reporting in the field of economics, strengthening media sector support and law and policy organizations, and encouraging financial independence for diverse and plural media outlets.

Political Parties:

- Provide organizational support to political parties in campaign techniques, platform development, constituency outreach, media relations, leadership development, women's political participation, and coalition building.

D. Infrastructure

-Challenge: An efficient and modern infrastructure is fundamental for economic development. The absence of a modern infrastructure in Nigeria not only hinders economic production and contributes to a malaise, but also clouds the advantages of

democracy and an open and free market. The net result of this has been inconsistent services, which frustrate businesses and the populace, and strangle economic growth.

Nigeria's infrastructure assets have been mismanaged and allowed to deteriorate due to a lack of maintenance and investment. New investment in basic infrastructure development and improvement is a key component of any economic reform initiative.

Strategy: The USG could help the Nigerian Government restructure its investment and management of infrastructure assets, focusing its assistance efforts on Nigerian transportation sector that consists of roads, water, air, telecommunications and transportation as well the energy sector.

Illustrative Immediate Actions/Activities (1 to 6 months)

- Assess all modes of transportation by fielding a technical team to Nigeria.

Aviation:

- Engage the GON on the measures needed to ensure the reestablishment of the air link between the United States and Nigeria;
- Perform an assessment of Nigeria's aviation safety oversight capabilities;
- Conduct 10 aviation security courses with the assistance of the International Civil Aviation Organization (ICAO) and the Federal Aviation Agency;
- Provide a security expert to assist in drafting legislation to establish a new legal structure governing aviation security; and
- Conduct an aviation security survey and assessment.

Rail:

- Conduct a study, in cooperation with the World Bank, on privatizing the rail system.

Energy:

- Provide technical advice and assistance and engage the Nigerian government in a serious dialogue on energy policy and regulatory issues aimed at removing price controls, introducing competition, and privatizing parts of the petroleum and electric power sectors;
- Provide policy advice and technical assistance to help the Nigerian government devise a clear, comprehensive, and consistent policy for the downstream oil and gas market, which will include removal of price controls, the provision of competitively priced products to remote markets, and possible privatization of refining and distribution;

- Provide policy advice and technical assistance focusing on removing the most pressing technical and economic obstacles to the provision of reliable power services, such as electricity pricing, billing, and collection issues, improved operation of transmission and distribution systems, and the introduction of competition through the use of independent power producers;
- Conduct as part of the short-term action plan, workshops, seminars, and training activities on gas utilization, energy pricing, independent power, asset valuation, structural reform, regulation, and the role of the private sector; and
- Provide solar village power and ultraviolet water purification systems for rural application as pilot program demonstrations of progress.

Illustrative Medium Term Actions/Activities (6 to 18 months)

Roads:

- Conduct a feasibility study on the projected need for additional, and the rehabilitation of existing, farm-to-market roads in conjunction with the World Bank.

Energy:

- Address energy sector restructuring and privatization issues, the introduction and development of an independent regulatory function pricing reforms, system reliability and quality of service issues, support for energy efficiency and rural electrification, deployment of new and renewable energy technologies, environmental protection, and other public policy objectives;
- Explore options for rewarding new licenses for oil and gas exploration and development activities, production sharing contracts, and options for sharing revenue from oil and gas development with local governments; and
- Consider options for improving regional energy cooperation in developing natural gas and electricity resources for West Africa.

E. Agriculture

Challenge: Nigeria is endowed with an abundant agricultural resource base. Historically, the agriculture sector was its major source of employment, income generation, foreign exchange, and provided basic human needs and raw materials for agro-industries. However, with the introduction of oil, the agriculture sector was neglected by the ruling military regimes in favor of the “get rich quick” payoffs from oil profits. As a result of this, Nigeria’s agriculture no longer performs its traditional role as a major development and growth sector of the Nigerian economy. Today, the government’s role in the agricultural

sector has essentially been reduced to one of inadequate support and stimulus and ineffective regulation.

Strategy: The USG could assist the Government of Nigeria to diversify its economy and reestablish agriculture as a major contributor to the economic growth of the country. Despite the years of neglect under military rule, Nigeria has maintained one of the highest sustained rates of agricultural growth in Africa over the past decade.

Illustrative Immediate Actions/Activities (1 to 6 Months)

- Provide assistance in reestablishing and strengthening Nigerian agricultural research capacity by expanding linkages between United States and Nigerian researchers and institutes;
- Conduct an agricultural sector assessment and a high-level dialogue with Nigerian agricultural officials to attain a detailed understanding of the state of agriculture in Nigeria and to identify areas for support and mutual cooperation;
- Explore the feasibility of resurrecting the defunct Joint U.S.–Nigeria Joint Agricultural Consultative Committee (JACC) to determine if it or some like mechanism is warranted, and work on expanding two-way trade and establishing joint business ventures between the U.S. and Nigeria;
- Support various two-way trade missions comprised of potential business interests in the agriculture sector;
- Utilize the Export Credit Guarantee scheme to stimulate the sale of U.S. agriculture commodities;
- Provide regulatory and grades and standards support for animal and plant products; and
- Establish a broader cooperative mechanism with Nigeria through the establishment of a Consultative Committee on Agriculture (CCA), a high-level bilateral forum chaired by the U.S. Secretary of Agriculture and counterpart ministers of selected countries, to address priority agricultural issues of mutual concern and implement mutually beneficial agricultural programs.

Illustrative Medium-Term Actions/Activities (6 to 18 Months)

- Provide assistance to Nigeria's Agriculture Development Program (ADP) in the following areas: training of extension workers and farmers; environmental issues; forestry development, and youth employment; and
- Provide technical assistance in the development of rural transportation, feeder roads, and jetties, rural industrialization, rural energy (electrification, solar, and biogas), rural water supply, and credit availability.

F. Social Sector: Health

Challenge: Nigeria's population was estimated to be 108 million in 1998, making it the most populous country in Africa. The population is composed of about 25 million infants under one year of age, 17 million under five, and 25 million women of child bearing age (15-49) years. The fertility rate, although high, has decreased from 8.2 in 1982 to the present rate of 6.5. The continuing burden of high fertility and population growth rates on the health of Nigerian families, the nation's agriculture and food availability, and the social and health services is unacceptable for achieving sustainable development.

HIV/AIDS is a growing problem in Nigeria. It is estimated as of June 1999 that over 5 million Nigerians are living with HIV infection. The first case of AIDS was reported in Nigeria in 1986, yet it took the GON six years before it was able to carry out its first HIV sentinel survey, with assistance from World Health Organization (WHO). The national prevalence rate was then (1992) estimated to be 1.2 percent. Since then, the number of HIV infected individuals in Nigeria has increased rapidly from about 600,000 in 1992, through 1,900,000 in 1994, and 2,250,000 in 1996, to over 3-4 million in 1998.

Strategy: The United States could assist Nigeria in expanding its health program to improve child survival and reproductive health. Specific assistance could be provided to assist the GON in developing a nationwide campaign to reduce the spread of HIV/AIDS.

Illustrative Immediate Actions/Activities (1 to 6 Months)

- Expand the current USAID health program in order to undertake family planning and reproductive health advocacy with the private sector, leading decision-makers, traditional leaders, religious leaders, opinion leaders, and community leaders;
- Review and resume under the USAID health program the implementation of the national Information Education and Communication strategies; and
- Develop quickly a campaign for measles immunization in the 12 states where USAID currently has a working presence, providing equal geographic representation nationwide, with a focus on six cities -- Lagos, Ibadan, Onisha, Aba, Kano, and Bauchi.

HIV/AIDS:

- Provide, through the U.S. Department of Defense, intensive training in counseling for all troops, families, and their civilian neighbors, with a special effort to reach adolescents;
- Assist the GON and the private sector (including NGOs) to develop strong and articulate advocacy initiatives and build their capacity to confront the AIDS epidemic and improve HIV/AIDS prevention and impact mitigation skills;

- Develop a comprehensive advocacy tool (AIDS Impact Model) that highlights the impact of HIV/AIDS on the country's socioeconomic life;
- Convene a national HIV/AIDS conference at a political and multi-sectoral level in support of advocacy; and
- Strengthen national HIV/AIDS monitoring and surveillance systems and the design, implementation, and evaluation of behavior change interventions, including improved condom availability.

Illustrative Medium-Term Actions/Activities (6 to 18 Months)

- Conduct a phase II campaign for measles immunization in FY 2000 in the same 12 states as mentioned above with a continuation of measles and polio "mop-up" activities; phasing in a DPT and BCG (anti-TB) component at this point and scaling up to 24 states;
- Conduct phase III which will be the implementation of the full immunization program and a scale-up to nationwide coverage, key components of which include cold chain strengthening, increased supply of vaccines and auto-destruct needles, government capacity building, and materials for institutional strengthening;
- Determine national contraceptive requirements, with a focus on capacity building, including training and retraining of service providers to counsel and deliver quality services and revitalizing the management information system to measure the effectiveness of the population program; and
- Expand USAID's health program to provide training for private sector female providers to meet the current gap in sustainable private-sector reproductive health services and counseling.

G. Social Sector: Education

Challenge: In 1984 Nigeria's education system was a model for the rest of Africa, but after years of neglect by successive military regimes it is practically non-functional. Education's share of the national budget is under 20 percent, one of the lowest in Africa for a country that has over 50 percent of its population, or 55 million children, under 15 years of age. By contrast, education's share of the national budget in Ghana is over 40 percent. Educational institutions typically have overcrowded dilapidated classrooms, few supplies and basic instructional materials, and poorly trained, unmotivated, and underpaid teachers. Academic standards have dropped drastically, because there is neither a focus on the quality of education, nor the political will to allocate needed resources to the education sector. There is a marked lack of participation in the education sector by communities and civil society.

Youth, ages 15 to 30, constitute a majority of the population. The lack of jobs in the economy for new entrants into the labor force is a major problem and ultimately the source of conflict and crime, especially in places like the Delta.

Strategy: The USG could support the GON in thinking through the management, planning, and oversight abilities of government agencies and how to realign its education system to respond to the needs of the students and, in the case of secondary education, their prospective employers. The USG could assist the GON to think through the issues involved in returning to the high standards of its tertiary institutions. Additionally, support could be provided for a technical education special initiative to meet the needs of unemployed youth and the productive sector.

Illustrative Immediate Actions/Activities (1 to 6 Months)

- Conduct unemployed youth and unemployment sector assessments;
- Conduct an education sector assessment to include the primary, secondary and tertiary levels to examine the status of the education system and seek strategies for systemic improvement;
- Initiate an education sector policy dialogue with the GON;
- Explore opportunities offered by information technology under the Leland Initiative to link university research, teaching and services to local, regional and national development needs, and establish and strengthen networks among national, regional (Association for the Development of Education in Africa), international and U.S.-based tertiary institutions; and
- Undertake a study tour undertaken for 13 newly elected female legislators through the Education for Development and Democracy Initiative under the auspices of the Michigan State University partnership with the Institute of African Democracy, Council for the Development of Social Science Research in Africa, and the West African Research Centre.

Illustrative Medium-Term Actions/Activities (6 to 18 Months)

- Implement, upon completion of assessments, training programs in the workplace and at institutional training sites, with sites selected to match the greatest need for well-trained employees and, to a lesser extent, the pool of unemployed youth, and with a follow-on assessment after year depending on increased demand from industry.
- Under the auspices of Education for Development and Democracy Initiative (EDDI):
 - Establish one or more partnerships with leading U.S. and Nigerian universities via the Internet;

- Support, through The League of Women Voters Education Fund, exchanges between Nigeria and the League of Women Voters Chapter in Oklahoma to develop techniques for more effective political participation; and
- Initiate a scholarship fund through the American Embassy to encourage girls to attain higher levels of formal education.

V. CROSS-CUTTING ISSUES

Challenge: Nigeria's chances of responding to the opportunities created by the transition from military to civilian rule, and undertaking a progressive political and economic transformation, are hampered in practically every sphere of life by corruption, lack of capacity to implement change, and conflict. President Obasanjo, leaders of the elected bodies, private sector, and civil society all concur in citing these three special problems: corruption, lack of capacity, and conflict. The USG recognizes the importance of these crosscutting issues, and has the capacity to develop approaches in each sector to deal with these issues.

A. *Corruption*

Strategy

Many public statements have been made that focus on stamping out the causes and not the symptoms of corruption. Given the pervasive nature of corruption in Nigerian society, USG assistance will not be limited to any one initiative or sector. Assistance could be given to executive, legislative, and judicial branches as needed to tackle the problem in their various areas of competence. Civil society oversight is essential, as an element of participation in the democratic process. Private sector complicity with corruption should be matched with private sector engagement in anti-corruption efforts.

Illustrative Immediate Actions/Activities (1-6 months)

- Rigorously enforce the Foreign Corrupt Practices Act, and assist Nigerian law enforcement entities to coordinate with U.S. government agencies.

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• Illustrative Medium Term Actions/Activities (6-18 months)

- Support civil society programs monitoring state and federal government performance;
- Provide technical assistance to government bodies undertaking civil service reform, including downsizing of the public sector, upward adjustment of wages, strict application of entry and promotion exams;
- Provide technical assistance to the Code of Conduct Bureau and the Code of Conduct Tribunal, and other bodies charged with investigation and prosecution of corruption; and

- Support anti-corruption initiatives in a broad range of public and private institutions, such as Transparency International.

B. Capacity Building

Strategy: Human capacity development was not a priority under military government. As a result, Nigerian institutions suffered and are now unable to effectively manage financial and human resources. Their development of action plans and implementation of these plans are weak. Nigerians, aware of this shortcoming, are eagerly requesting training, capacity building and, skill development.

Illustrative Immediate Actions/Activities (1-6 months)

- Provide the GON and private sector with high-level planning assistance, followed by technical assistance on the management of change; and
- Work with top-level policymakers in the legislative and executive branches to help them achieve more specificity in the enunciation of policy choices, and help the appropriate implementing agencies develop detailed and consistent action plans.

Illustrative Medium Term Actions/Activities (6-18 months)

- Help develop a unit of Nigerian and expatriate “methodology specialists” who can rotate among various entities, helping with the process of problem solving;
- Select critical offices of the GON and provide them with longitudinal technical assistance, not just occasional capacity-building workshops; and
- Select a limited number of local government areas (LGAs) to receive assistance and serve as “centers of excellence,” models of replicable change.

C. Conflict

Strategy: Violent conflict or the threat of it continues to impede Nigeria’s efforts to create a secure environment within which sustainable peace and development can be maintained. Poverty, lack of opportunity, corruption, the impunity enjoyed for so long by repressive military regimes, and weakened civil society institutions all continue to nurture the seeds of violence in this country.

Illustrative Immediate Actions/Activities (1-6 months)

- Assist the GON and civil society in development initiatives for the Niger Delta involving all stakeholders, including the national government, state and local governments, advocacy groups, the oil companies, ethnic groups, and civil society groups; and

Illustrative Medium Term Actions/Activities (6-18 months)

- Work with the Nigerians to create a nationwide early warning and response network based on the development and maintenance of a dynamic Global Information System (GIS) map-based conflict information system and designed to anticipate and prevent conflict situations.
- Provide technical assistance to assist the Nigerians in building the institutional capacity of indigenous Nigerian conflict prevention and reconciliation groups to be more effective in their work.

VI. CONCLUSION

The next 18 months are crucial to solidifying the process of democratic transition in Nigeria. The elections were only one step in this process. The public euphoria over the return to civilian rule will quickly evaporate if concrete actions are not taken to fulfill election promises. Immediate assistance is needed to help the GON establish a positive economic tone and build the institutional capacity and political will for reforms and innovation that will spur growth and maximize the support of the international community for President Obasanjo's ambitious agenda. The United States has both the expertise and the mechanisms with which to help this government make change positive, irreversible and ultimately self-sustaining. The two constraints to responding to the findings of this report are limited financial resources and moderate institutional capacity.

Nigeria is important to the United States. What happens in Nigeria could affect the future of the African continent as well as the United States' ability to achieve its multi-faceted goals in Africa. The United States can and should play a major role in helping Nigeria realize its great potential.